

NEWS RELEASE

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DeNUCCI SAYS T'S POOR PLANNING ADDS \$20M TO SOUTH STATION COMPLEX'S CONSTRUCTION COSTS

State Auditor Joe DeNucci reported today that mismanagement by the Massachusetts Bay Transportation Authority (MBTA) resulted in contract overruns and design difficulties that added more than \$20 million to the construction costs of the South Station Transportation Center – Bus Terminal Complex.

According to DeNucci's audit, the South Station project, originally estimated to cost \$81.4 million, was hit with \$14.7 million in cost overruns stemming from 200 change orders for additional work that was not part of the original contract specifications, including major structural changes. Also, the MBTA settled for a \$1.4 million cost reduction from the contractor for a moving walkway that was never built, even though the actual cost was subsequently estimated to be about \$5 million more.

DeNucci said that the MBTA's construction department determined that errors by the design engineers led to about \$4 million of the cost overruns. The audit attributed these overruns to poor planning and inadequate oversight by the MBTA over the design engineers' contract specifications.

"These change orders were not subject to open competitive bids, thus resulting in higher costs to the MBTA," DeNucci said. "The MBTA should attempt to recoup costs that resulted from errors by the design engineers and provide better contract oversight in future projects."

In another finding, DeNucci reported that the MBTA settled for a \$1.4 million cost reduction from the contractor after scrapping plans for a moving walkway at South Station. However, when the MBTA proposed including the walkway in another contract, the low bid came in at \$6.6 million, meaning that the original contractor may have realized an unearned profit of at least \$5.2 million for work that wasn't performed.

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The walkway was originally included in the facility's design, but a conflict with the plans for two other projects forced its cancellation. The \$1.4 million cost reduction resulted from a negotiated settlement with the contractor.

Also, approximately \$1 million worth of material that the T purchased for the walkway work remains in storage and may never be used. The T has since decided against building the walkway.

"The T's \$1.4 million settlement was inadequate and unreasonable when compared to what the actual cost of the moving walkway would have been," DeNucci said. "This is another case of the MBTA resolving a problem to the benefit of the contractor rather than the taxpayers and fare payers."

DeNucci's audit also revealed that the MBTA has still not recovered almost \$1.1 million for extra construction costs resulting from designer error on the Old Colony Plymouth and Middleboro commuter rail lines, projects whose price was inflated by change orders totaling \$10.8 million according to a prior DeNucci audit issued nearly two years ago. The MBTA proposed that it receive free design services in this amount, but the designer declined.

Finally, DeNucci disclosed that the T has implemented his previous recommendations regarding elevator and escalator maintenance, reducing the time required to make repairs and standardizing the penalties it imposes.

